United Nations DP/2008/37

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
19 August 2008

Original: English

Second regular session 2008
8 to 12 September 2008, New York
Item 1 of the provisional agenda
Organizational matters

Report of the annual session 2008 (16 to 27 June 2008, Geneva)*

Contents

Chapter		Page
I.	Organizational matters and Administrator's statement	3
	UNFPA segment	
II.	Statement of the Executive Director and annual report of the Executive Director for 2007	4
III.	Funding commitments to UNFPA	6
IV.	UNFPA country programmes and related matters	7
V.	Evaluation in UNFPA	8
	Joint UNDP/UNFPA segment	
VI.	Internal audit and oversight	9
VII.	Field visits	10
	UNDP segment	
VIII.	Annual report of the Administrator	11
IX.	UNDP strategic plan, 2008-2011	13
X.	Funding commitments to UNDP	13
XI.	Evaluation in UNDP	14
XII.	Human Development Report	16
XIII.	UNDP country programmes and related matters	16
XIV.	United Nations Office for Project Services	17
XV.	United Nations Capital Development Fund	18
XVI.	United Nations Volunteers	18
XVII.	United Nations Development Fund for Women	19
XVIII.	Financial, budgetary and administrative matters	20
XIX.	South-South cooperation	20
XX.	Other matters	21

08-46765 (E) 230908

Annex

Statements made by the delegation of Antigua and Barbuda on behalf of the Group of 77 and China in relation to the briefing on the report of the external independent investigative review of UNDP operations in the Democratic People's Republic of Korea 26

I. Organizational matters

1. The annual session 2008 of the Executive Board of UNDP and UNFPA was held at the Palais des Nations, Geneva, from 16 to 27 June 2008.

2. The Executive Board approved the agenda and work plan for its annual session 2008 (DP/2008/L.2), and approved the report of the first regular session 2008 (DP/2008/18).

3. The Executive Board agreed to the following schedule of future sessions of the Executive Board in 2008 and 2009:

Second regular session 2008:	8 to 12 September 2008
First regular session 2009:	19 to 22 January 2009
Annual session 2009:	26 May to 5 June 2009 (New York)
Second regular session 2009:	8 to 11 September 2009

4. Decisions adopted by the Executive Board at the annual session 2008 were included in document DP/2008/38, accessible at www.undp.org/execbrd.

Administrator's statement

5. The Administrator described the challenges faced by the global economy and a broad range of UNDP efforts to strengthen its effectiveness in responding to them. He asserted that, contrary to recent speculation, the steep increase in food prices was more attributable to the rising price of fuel, abetted by the unintended adverse consequences of bio fuel subsidies, than to rising demand in fast-developing large countries. He pointed to the slowdown in the financial sector as evidence of the need for better policy analysis and stronger international coordination in fighting poverty.

6. Delegations acknowledged the severe challenges undermining progress toward the Millennium Development Goals: rising energy and food prices, climate change, and natural disasters. Many expressed concern that hard-won achievements in their countries could be set back if the global community failed to take urgent action. Many called for the United Nations development system as a whole to reprioritize agriculture as a driver of development and recognized UNDP as a valuable partner. One delegation, in particular, commended increased core resource allocation to African countries and expressed expectations that UNDP would continue to increase its efforts to assist African countries. Delegations also recognized the continuing efforts of UNDP to improve management efficiency, accountability and responsiveness to national development priorities in accordance with its core mandate. Several underscored the importance of managing for development results.

7. Some delegations called on UNDP to marshal additional resources in response to the heightened challenges represented by the global fuel and food crises, asserting that the current climate represented an opportunity to galvanize efforts to achieve the Millennium Development Goals. They pledged to continue to provide strong support in that regard, with several delegations announcing increases in their core contributions to UNDP and other United Nations organizations in an effort to improve development effectiveness and support achievement of the Millennium Development Goals.

UNFPA segment

II. Statement of the Executive Director and annual report of the Executive Director for 2007

8. The UNFPA segment began with the opening statement of the Executive Director (see http://www.unfpa.org/exbrd/2008/2008_annual.htm). A short video was shown on UNFPA accomplishments in 2007. The Executive Director expressed condolences to the people of China, Myanmar and the United States of America who had suffered from recent natural disasters. She noted that as part of the United Nations system, UNFPA was engaged in disaster mitigation and emergency preparedness efforts. She introduced the new UNFPA senior staff. She underscored that the agenda of the International Conference on Population and Development (ICPD) remained highly relevant and visionary. She thanked the Government of Japan and especially the Prime Minister for ensuring that health in general and reproductive health, with maternal health in particular was highlighted in the Fourth Tokyo International Conference on African Development (TICAD IV) Action Plan and would feature prominently in the G8 Summit.

9. The Executive Director outlined the Fund's four priority areas for 2008. She introduced the Report of the Executive Director for 2007: Accelerating progress and national ownership of the ICPD Programme of Action (DP/FPA/2008/5, Part I); Statistical and financial review 2007 (DP/FPA/2008/5, Part I, Add.1); Joint report of UNDP and UNFPA on the recommendations of the Joint Inspection Unit in 2007 (DP/2008/23/Add.1 - DP/FPA/2008/5, Part II) and highlighted the Fund's key achievements in 2007. She drew attention to the Fund's culturally sensitive approaches to programming and the wide network of partnerships, including with faith-based organizations. She updated the Executive Board on the Fund's reorganization process underscoring the transparency of the process, as well as the particular attention being given to the human dimension. She thanked all the donors who contributed to UNFPA, including the Fund's top ten donors.

10. The Executive Director was appreciative of the Secretary-General's decision to make global health one of his three development agendas, along with climate change and food security. She underscored that to improve maternal health an estimated $6 billion was needed annually plus an additional $1 billion for family planning. She stressed the need for stronger advocacy for reproductive health and rights and drew attention to the unsteady progress in the area of family planning, noting that one major obstacle was the lack of affordable reproductive health commodities. She emphasized the need to scale up interventions for HIV prevention, especially for women and youth. She noted the Fund's comparative advantage in advancing gender equality. Referring to the Danish campaign for gender equality, she announced that she was a proud champion torch bearer for MDG 3 to advance women's empowerment and gender equality.

11. Delegations commended the "first-rate, strong and passionate" leadership and stewardship of the Executive Director. They paid tribute to all UNFPA staff for their dedication and hard work and recognized that frequently country-level staff worked in challenging situations. Delegations welcomed the Executive Director's thoughtful and inspiring statement and the informative annual report. They congratulated UNFPA on the progress and achievements in 2007 in the Fund's focus areas of population and development; reproductive health and rights; and gender equality. They also congratulated UNFPA for its role in securing the target on universal health by 2015.

12. Delegations stated that UNFPA was a valued and trusted partner. They were pleased to note the Fund's highest-ever total resources income and commended UNFPA for its resource mobilization efforts, including expanding its donor base to 182 countries. Some

delegations urged others to increase their contributions and encouraged multi-year pledges. Australia announced an increase in its 2009 core contribution. Denmark announced an increase in its 2008 contribution. The Netherlands announced that in addition to its regular contribution it would make extra contributions for the maternal health thematic fund and for reproductive health commodity security.

13. Delegations commended UNFPA commitment to implement General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system (TCPR) and the Paris Declaration on Aid Effectiveness, as well as the Fund's involvement in United Nations reform, including in the eight "Deliver as One" pilot countries. Noting the progress in the pilot countries, some delegations called on United Nations entities to ensure that savings were transferred to programme activities in the concerned country; lessons learned were utilized; the Resident Coordinator was strengthened and the "firewall" issue resolved; and national execution was used to the maximum extent possible. They added that there should be unconditional and predictable funding from donors.

14. Delegations congratulated the Executive Director on her leadership as Chair of the High-Level Committee on Management (HLCM) and for taking forward the initiative on harmonizing business practices. Delegations welcomed the establishment of a solid results-based management base in UNFPA. They appreciated the update on the Fund's reorganization and requested regular updates. They welcomed the new members of the UNFPA senior management team. They commended the work of UNFPA country offices in delivering technical and programmatic assistance to recipient countries and expressed support for the regionalization process. One delegation asked about the carryover of resources from 2007 to 2008. Another delegation inquired if there had been a decrease in funding for Africa.

15. Delegations appreciated the Fund's targeted response to the needs of recipient countries and the expanding partnerships. Several noted that UNFPA had made significant contributions to support national partners. The importance of programme implementation guided by culturally sensitive approaches was underscored. While some delegations urged greater focus on upstream policy dialogue others encouraged greater involvement in downstream capacity-building projects. Some delegations urged an increased focus on least developed countries. Some delegations drew linkages between maternal and reproductive health and the food crisis. They underscored the role of men and boys in promoting reproductive health and rights including prevention of gender-based violence. They noted that more needed to be done to address the needs of young people and adolescents. They urged continued efforts to increase access to reproductive health commodities.

16. The delegation of Slovakia stated that following consultations with Member States of the region its Government had submitted a formal proposal to UNFPA to co-locate the regional office for Eastern Europe and Central Asia in Slovakia. The delegation of the Russian Federation stated that it supported the UNFPA regionalization and following constructive consultations within the regional group consensus had been achieved regarding the UNFPA regional office in Bratislava, Slovakia, and the subregional office in Almaty, Kazakhstan.

17. The delegation of China thanked UNFPA and other agencies for the assistance provided in the aftermath of the devastating earthquake. The delegation of the United States of America expressed appreciation for the sympathy conveyed to those affected by recent natural disasters in its country. The Vice-Chairman of the Joint Inspection Unit (JIU) elaborated on the work of the JIU.

18. The Executive Director thanked delegations for their strong support and contributions, as well as for recognizing the work and commitment of UNFPA staff. She appreciated the

comments regarding her leadership role in the HLCM. She underscored that supporting national ownership and leadership was the foundation of the Fund's work and UNFPA was guided by the TCPR which emphasized national ownership She stressed that UNFPA did not impose any conditionalities nor did it have tied assistance. She underscored UNFPA commitment to United Nations reform and the labour-intensive work undertaken in the Delivering as One pilot countries. While the work was very demanding for a small-sized organization like UNFPA, the value added came through higher visibility for the ICPD Programme of Action.

19. She noted that maternal health and maternal mortality were key issues and it was important to take a life-cycle approach to sexual and reproductive health. She stated that three key elements for reducing maternal mortality were: family planning; skilled birth attendance; and emergency obstetric care. She elaborated on the Fund's work on preventing gender-based violence, including in partnership with UNIFEM and other actors. She concurred that the male involvement was essential for achieving gender equity and women's empowerment. Regarding humanitarian work, she observed that UNFPA continued to build its capacity at regional and country levels. Noting that census was a new area of emphasis, she hoped that the 2010 round of censuses would yield valuable data for development planning and programming. The Executive Director clarified that resources for Africa had increased not decreased. Regarding the carryover of resources from 2007 to 2008, she noted that $15 million had been received during the last quarter of 2007

20. She thanked the delegation of Slovakia for the offer to host the UNFPA regional office in Bratislava and also thanked the delegation of the Russian Federation for the consensus regarding the regional office in Bratislava and the subregional office in Almaty.

21. The Deputy Executive Director (External Relations, United Nations Affairs and Management) elaborated on the reorganization process and the strong focus on the human dimension, as well as on ensuring business continuity. She noted that UNFPA would keep the Executive Board and development partners updated on progress. The Deputy Executive Director (Programme) stated that business continuity was a key part of the master plan for reorganization and UNFPA was committed to providing technical assistance to countries during the transition. The Chief, Strategic Planning Office, noted that as requested by the Board the targets and baselines pertaining to the strategic plan had been posted on the website and analytical work in this area was continuing.

III. Funding commitments to UNFPA

22. The Chief, Resource Mobilization Branch, UNFPA, introduced the Report on funding commitments to UNFPA (DP/FPA/2008/9). She also provided an update on funding commitments to reflect the most recent data, as of 1 June 2008, and took note of the pledging currency of Australia, namely, Australian dollars.

23. Delegations congratulated UNFPA on attaining its highest-ever income of total resources and on expanding its donor base to 182 donors. They underscored that this attested to the confidence countries had in UNFPA. They noted with satisfaction the healthy balance between core and non-core resources and emphasized that core resources were the foundation and bedrock of UNFPA operations. They stressed that thematic funds should not be considered an alternative to core resources but to non-core resources. Delegations recognized that thematic funds and other innovative funding mechanisms had a useful impact as an addition to core resources, including through attracting private funding. One delegation asked if additional thematic funds were being considered for other areas in population and development, and gender equality. Noting that the quality and quantity of

staff should keep up with the increase in resources, one delegation noted that UNFPA staff, ranging from senior to junior levels, was talented.

24. The Executive Director thanked the delegations for their comments and expressed appreciation for the contributions to UNFPA. She also thanked the delegation that had commended UNFPA staff and noted that the Fund continued to emphasize staff training and career development. She assured the Executive Board members that thematic funds were not an alternative to core resources and core resources remained the bedrock of UNFPA operations. She noted that UNFPA was considering a thematic fund for census (given the importance of the upcoming round of 2010 censuses). However, UNFPA did not plan to embark on a proliferation of thematic funds.

25. The Executive Board adopted decision 2008/10: Funding commitments to UNFPA.

IV. UNFPA country programmes and related matters

26. The Deputy Executive Director (Programme) introduced the five new draft country programme documents and five programme extensions and noted that their design and content was driven by country needs and priorities as identified by the respective national development plans. The Director, Africa Division, and the Officer-in-Charge, Division for Arab States, Europe and Central Asia (DASECA), introduced the draft country programmes from their respective regions.

27. Delegations commended the close collaboration between national authorities and UNFPA and the open and transparent process in preparing the draft country programme documents. They appreciated the support provided by UNFPA and commended the Fund for the emphasis placed on national ownership and leadership. Delegations also appreciated UNFPA collaboration with other donors. Noting the high rates of maternal mortality in many of the countries, delegations stated that it would not be possible to achieve the Millennium Development Goals (MDGs) without reducing maternal mortality. Delegations urged giving high priority to reducing maternal mortality, including through increased access to reproductive health services – emergency obstetric care, skilled birth attendance, and family planning, including access to reproductive health commodities. Delegations were pleased to note that the country programmes addressed issues of gender inequality and gender-based violence, as well as the needs of young people. Delegations stressed the need to expand partnerships with development partners including civil society and religious/traditional and community leaders. One delegation urged closer collaboration with its own embassies and non-governmental organizations.

28. The Chief, Africa Division, and the Officer-in-Charge, DASECA, thanked delegations for their comments and support. They assured the Executive Board that UNFPA emphasized partnerships with civil society and other development partners. They underscored that partnerships were also essential for strengthening national systems and community response. They stated that UNFPA would convey the specific comments made on the draft programmes to the concerned countries.

29. The Executive Board took note of the draft country programme documents for Benin, Republic of the Congo, Niger, Nigeria and the Sudan and the comments thereon, which would be conveyed to the concerned countries to take into account in finalizing the programmes. The Board approved the second one-year extension of the Burundi country programme and the two-year extension of the Pakistan country programme and took note of the one-year extensions of the Afghanistan, Ecuador and Guatemala country programmes. The Executive Board adopted decision 2008/11: UNFPA and UNDP draft country programme documents.

V. Evaluation in UNFPA

30. The Deputy Executive Director (Programme) introduced the Periodic report on evaluation (DP/FPA/2008/10) and highlighted its key elements.

31. Delegations welcomed the useful and informative report and the measures undertaken by UNFPA to enhance evaluation quality and commended the Fund's use of evaluation results to inform management decisions. They appreciated that a certain number of evaluations were jointly conducted with other United Nations organizations and bilateral and national partners. They noted that 50 per cent of the evaluations were conducted with national evaluators. They encouraged the inclusion of information about the role of UNFPA partners in evaluations. One delegation asked about the basis for external and internal evaluations. Delegations shared the UNFPA concern that approximately two thirds of the evaluations did not meet the minimum United Nations Evaluation Group (UNEG) standards. They considered the lack of baseline data to be a constraint and were concerned that the implementation rate of country programme evaluation recommendations remained low. Delegations encouraged increased evaluations at country level and a greater focus on development outcomes. They emphasized the need to gather baseline data at the start of new country programmes. They noted that future reports should contain more information about UNFPA programmatic efforts to follow-up on evaluation recommendations. They encouraged UNFPA to use its strategic plan to structure future periodic reports on evaluation and requested that future reports include specific and analytical information on progress and difficulties in the evaluation function.

32. Delegations urged strengthening the capacities of staff and counterparts, both governmental and non-governmental, as well as strengthening of national monitoring and evaluation systems. They were pleased to learn about the creation of five posts for regional evaluation and monitoring advisers who would support the strengthening of the evaluation capacity at country level. One delegation asked if the posts had been included in the budget. One delegation noted that the new aid modalities encouraged by the Paris Declaration on Aid Effectiveness had some limitations and expressed concern regarding the UNEG task force on evaluation guidance for human rights and gender equality, noting that the guidance should not be in conflict with the decisions of Governments. Several delegations commended UNFPA participation in UNEG and the Fund's contribution to strengthening the evaluation capacity of the United Nation system. Delegations welcomed the UNFPA initiative to formulate an evaluation policy and looked forward to further consultations on it. They noted that the policy should establish the criteria for commissioning independent evaluations. They encouraged harmonization, to the extent possible, with the policies of other funds and programmes, including UNDP.

33. The Deputy Executive Director (Programme) thanked the delegations for appreciating the challenges UNFPA faced in the area of evaluation and for their encouragement. She underscored that UNFPA recognized the need to improve the reliability and quality of its evaluation work and was committed to making improvements. She noted that there would be increased information sharing among staff regarding the international standards set by UNEG, as well as additional staff training coupled with strengthening the evaluation capacity of national partners. She emphasized that UNFPA was also focusing on building baseline data and was committed to increasing evaluation coverage and measuring development outcomes. She observed that the forthcoming evaluation policy would, inter alia, indicate how evaluation recommendations would be followed up and taken into account in developing new country programmes.

34. The Director, DOS, explained that in 2005 there had been a peak in the number of country evaluations as in a number of countries the United Nations country teams had endeavoured to align with national processes for new country programmes. He clarified that

external evaluations were undertaken when the Fund did not have the requisite expertise internally. Regarding the five new adviser posts, he stated that they were part of the Fund's restructuring and were reflected in the budget. Noting that the forthcoming evaluation policy was a management tool, he observed that it should be shared with the Executive Board not for approval but to obtain the Board's advice and guidance.

35. The Executive Board adopted decision 2008/12: Evaluation in UNFPA.

Joint UNDP/UNFPA segment

VI. Internal audit and oversight

36. The Director of the Office of Audit and Investigation introduced the annual report of the Audit Advisory Committee, and the Director, Bureau of Management, presented the UNDP management response. Many delegations expressed support for management actions addressing key and recurring audit issues and continued support of nationally executed projects and capacity-building.

37. Delegations raised questions about the 13 per cent of audit reports rated 'unsatisfactory', the effectiveness of audits, the follow-up of nationally executed audits, and the frequency of headquarters and long-outstanding audit recommendations. Some expressed interest in better understanding the nature of the relationship of the Audit Advisory Committee to the Executive Board. They called for UNDP, UNFPA and the United Nations Office for Project Services (UNOPS) to take deliberate steps to harmonize their accountability frameworks and oversight policies, to be discussed at the second regular session 2008. In addition to detailed responses by all three organizations, the UNDP Chair of the Committee responded to specific questions raised by delegations.

38. The Head of Audit, Internal Audit Office, UNOPS, introduced the report on UNOPS internal audit and oversight activities in 2007. The Deputy Executive Director, UNOPS, presented the management response.

39. Delegations welcomed the establishment of the Internal Audit Office in UNOPS and the smooth transition from UNDP during 2007, thanking UNDP for its support to UNOPS since the establishment of UNOPS in 1995 and commending UNOPS on its efforts to maintain the integrity of the United Nations 'single audit' principle in implementing its work plan for 2007. One delegation questioned the capacity of the newly established Internal Audit Office and its potential impact on audit coverage; it was noted that the Office was now fully staffed with five professionals.

40. Other delegations questioned the number of qualified opinions issued during the year, and asked what parameters were used to determine the risk rating for specific office locations used for audit planning. The Deputy Executive Director highlighted the development of a draft accountability framework for UNOPS. Delegations proposed that a thorough review of the draft framework, and the Executive Board decision, be postponed until the second regular session 2008 of the Executive Board.

41. The Director, Division for Oversight Services, UNFPA, introduced the report on UNFPA internal audit and oversight activities in 2007 (DP/FPA/2008/11). The

Deputy Executive Director (External Relations, United Nations Affairs and Management) presented the management response.

42. Delegations welcomed UNFPA efforts made throughout 2007 to improve accountability and oversight and commended UNFPA management for their commitment to achieve results in these areas. They were encouraged by and asked to be kept apprised of the Fund's development of the enterprise risk management approach. They encouraged implementation of the risk model on a broader basis. They welcomed the harmonization and standardization of audit ratings among the funds and programmes. They inquired about the recent decrease in the number of audits. They expressed concern regarding business processes and national execution (NEX). They welcomed the fact that improving the quality of NEX audits was a top priority for UNFPA. They hoped UNFPA would address the lack of compliance of country offices in reporting and adopting audit recommendations. One delegation asked if low-risk offices were also subject to audits. Some delegations provided examples of successful experiences with NEX. They emphasized the need for training and for harmonizing and simplifying processes. Some delegations welcomed the availability of the report of the Audit Advisory Committee (AAC) and noted that interaction between the Executive Board and the AAC would enhance transparency.

43. The Deputy Executive Director, in thanking delegations for their constructive comments, noted that the guidance of the Executive Board was very important for management and staff. She concurred that trust was the basis of the work with one another. She underscored that UNFPA was fully committed to continuing utilization of the NEX modality and was always guided by the General Assembly, including the resolution on the triennial comprehensive policy review of operational activities for development of the United Nations system. She elaborated on UNFPA approaches to capacity development, including through South-South cooperation. She agreed with the need to constantly simplify and harmonize procedures. She assured the Board that UNFPA was addressing the issues raised in the audit findings and was consistently monitoring implementation of audit recommendations. She underscored that UNFPA management valued the technical advice provided by the AAC.

44. The Director, DOS, appreciated the encouraging comments by delegations and concurred regarding the independence of oversight activities. He elaborated on the dimensions of transparency and independence, underscoring that the purpose of internal audit was to add value to the organization. Regarding the decrease in the number of audits, he noted that some missions had been cancelled due to security issues or shortage of staff. He clarified that there was a bias in the selection of entities for audit since the selection was made from the most-at-risk entities. He added that the scale of risk and the time elapsed since the last audit were criteria used in selecting entities for audit. He emphasized that UNFPA remained committed to the NEX modality, which it had utilized for decades.

45. The Executive Board took note of the reports and management responses, and adopted decision 2008/13 on internal audit and oversight in UNDP, UNFPA and UNOPS.

VII. Field visits

Haiti

46. The Permanent Representative of S[illegible]vakia, team leader of the joint field visit to Haiti of the Executive Boards of UNDP/UNFPA, the United Nations Children's Fund and the World Food Programme, from 1 to 9 March 2008, introduced the

report of the joint field visit. The chief rapporteur (Russian Federation) provided further details. Both thanked the United Nations country team and the United Nations Stabilization Mission in Haiti for organizing an excellent programme for the joint field visit. They conveyed appreciation to the Government and people of Haiti for their hospitality and the fruitful discussions. The team leader underscored the importance of field visits for Executive Board members. The chief rapporteur highlighted the key findings of the mission and noted that a new approach had been used in preparing the report by closely following the guidance in General Assembly resolution 62/208 on the triennial comprehensive policy review of the operational activities for development of the United Nations system.

47. Several delegates who had participated in field visit took the floor. They noted that institutional capacity in Haiti should be strengthened, and advocated stronger South-South and triangular cooperation. They asserted that the programme approach should be emphasized and linked to the humanitarian situation in the country, and recognized the role of the resident coordinator in ensuring coordination.

48. A representative of the delegation of Haiti, in conveying the appreciation of his Government, commended the work of the United Nations in Haiti and observed that international assistance to the country should be managed in a more coordinated manner.

49. The Executive Board took note of the report of the joint field visit to Haiti (DP/FPA/2008/CRP.1).

Kazakhstan

50. The co-team leader of the UNDP/UNFPA Executive Board field visit to Kazakhstan introduced the report (DP/2008/CRP.3-DP/FPA/2008/CRP.2) and noted that the field visit had given delegations a more lucid view of the operational activities of UNDP and UNFPA. She thanked the Government and people of Kazakhstan, as well as the country team, for the excellent programme and fruitful discussions. There were no comments or queries on the report of the field visit to Kazakhstan. The Executive Board took note of the report (DP/2008/CRP.3-DP/FPA/2008/CRP.2).

UNDP segment

VIII. Annual report of the Administrator

51. The Administrator reaffirmed the centrality of the Millennium Development Goals to programming. In that regard, he noted the progress of the Secretary-General's 'MDG Africa Steering Group' and the case studies under way in 10 African countries to develop plans for the practical application of scaled-up development assistance.

52. With programme work oriented to strengthening national capacities, he noted that capacity development remained the overarching contribution of the organization and pointed to synergies among various focus areas and cross-cutting themes that provided a more coordinated response to national development priorities. He underscored the importance of South-South cooperation, gender equality and women's empowerment to all UNDP work. He provided details of the UNDP role in strengthening coherence in the United Nations development system.

53. He drew attention to efforts to strengthen security risk management, improve accountability, transparency and oversight, and provide greater security for staff serving around the world.

54. Delegations expressed appreciation for the final report delivered with respect to the 2004-2007 multi-year funding framework. Many praised the emphasis on capacity-building and increased partnership with governments and other stakeholders. Several took special note of the strengthening of the gender dimension within the focus area of capacity development and recovery, while others acknowledged the role of the 'MDG Carbon Facility' in expanding the Clean Development Mechanism.

55. Delegations noted measures taken by UNDP to strengthen its leadership role in enhancing United Nations system-wide coherence. Some encouraged UNDP to further develop its recruitment, training and evaluation of resident coordinators to maximize effectiveness at the country level, while containing coordination costs. Some welcomed the increased use of country directors around the world, though one delegation cautioned against the possible administrative burden this might represent for host governments. Delegations encouraged UNDP to continue to work in concert with other United Nations organizations in leveraging their comparative strengths at the country level, and to harmonize operations and policies. In that regard, they took note of the feedback from the eight 'delivering as one' pilots presented at the first regular session 2008. Several delegations recommended that UNDP implement on a wider scale the best practices developed during the pilot process, while others urged prudence in expanding the initiative, pointing out that significant challenges remained to be addressed.

56. Delegations expressed divergent opinions on the prioritization of resource allocations. Some felt that the larger share of resources allocated to public administration reform, anti-corruption initiatives and parliamentary and electoral support appropriately reflected the needs of programme countries over the past year. Others urged UNDP to make poverty reduction its top priority, particularly in the light of the global food and energy crisis and its disproportionate impact on the poorest countries. Still others called for greater emphasis on environmental programmes and stronger UNDP leadership in addressing the risks and challenges of climate change. Many delegations called for a sharper focus on addressing the needs of Africa, some detailing the achievements of their partnerships with UNDP in that regard. Some asserted that in allocating resources, programme activities should be prioritized over reporting, monitoring and evaluation exercises. Delegations called on donors to increase the predictability of funding.

57. Delegations voiced concern about the 1:4 ratio of 'regular' to 'other' resources, asserting that, while an overall increase in regular resources signalled the growing confidence of development partners in UNDP, the resource scales should be rebalanced to favour regular resources. Many urged UNDP to find ways to reduce support expenditures and channel the savings toward programme activities. Several delegations announced increases in regular funding support to UNDP. Some reminded UNDP to carefully review and evaluate any new aid modalities.

58. Many delegations acknowledged the progress achieved in improving transparency and accountability, notably in the areas of ethics and of monitoring and reporting programme results using new tools such as the results matrix appended to the UNDP strategic plan, 2008-2011. Some expressed concern at the percentage of

targets reported as 'unmet' or 'partially achieved', and requested additional information.

59. The Executive Board adopted decision 2008/14, taking note of the multi-year funding framework report on UNDP performance and results for 2007 (DP/2008/23 and DP/2008/23/Corr.1), and the statistical annex (DP2008/23/Add.2).

IX. UNDP strategic plan, 2008-2011

60. The Administrator, UNDP, presented the revised strategic plan, 2008-2011, which he characterized as the product of an open intergovernmental dialogue and a reflection of the many comments received during the extensive consultation process. In particular, he noted that the document had been aligned with the outcome and language of the triennial comprehensive policy review adopted in December 2007. He pointed out that principles of national ownership and leadership had been further emphasized throughout the plan, and the development and institutional results frameworks strengthened in response to feedback from Member States.

61. Delegations responded favourably to the proposed revisions to the UNDP strategic plan, 2008-2011. They acknowledged the value of the lengthy consultative process, some stressing that the strategic plan should remain a 'living document'. Delegations underscored the importance of maintaining a culture of responsiveness to the interests of programme countries and the need for flexibility at country level. They noted significant improvement in the strategic plan, and called on UNDP to move forward in its implementation.

62. Delegations emphasized that UNDP should take a human development-based approach to programming in line with the national development priorities of programme countries. Some pointed out that UNDP, as a United Nations organization, has a continuing obligation to uphold respect for the human rights and fundamental freedoms enshrined in the United Nations Charter. Delegations urged UNDP to remain focused on its core development mandate, while steering clear of political conditionality in supporting capacity-building and capacity development efforts, as programme countries pursue the Millennium Development Goals. They stressed national ownership and leadership as central pillars of development effectiveness, as reaffirmed by the 2007 triennial comprehensive policy review, and encouraged UNDP to operationalize the principle of national ownership in implementing its strategic plan.

63. One delegation recommended that the addendum to the strategic plan entitled 'UNDP strategic vision on assistance to crisis-affected countries' (DP/2007/20/Rev.1) should be more explicit in delineating the role of UNDP in early recovery.

64. The Executive Board, in adopting decision 2008/15, took note of the revisions to the UNDP strategic plan, 2008-2011, contained in document DP/2007/43/Rev.1 and its annexes.

X. Funding commitments to UNDP

65. The Assistant Administrator and Director, Partnerships Bureau, UNDP, presented the status of regular funding commitments to UNDP. He reported that

contributions to regular resources had reached close to $1.12 billion in 2007, in nominal terms, and exceeded the final and overall target set by the multi-year funding framework, 2004-2007; and that total contributions to UNDP and its associated funds and programmes had reached almost $5.2 billion in 2007, with other income reaching nearly $4 billion. Earmarked contributions to UNDP from bilateral donor governments, he noted, had increased from $1 billion in 2006 to $1.1 billion in 2007, while local resources, channelled through UNDP by programme country governments and other local partners in support of their own national development, decreased from almost $1.4 billion in 2006 to just below $1.3 billion in 2007. He asserted that the ratio of regular to other resources, which remained at about 1:4, was harming the ability of UNDP to fulfil its mandate in a predictable and effective manner.

66. Delegations took the floor to reaffirm their commitment to UNDP, some expressing their intention to increase funding support.

67. The Executive Board took note of the report on the status of regular funding commitments to UNDP and its associated funds and programmes for 2008 and onward (DP/2008/16).

XI. Evaluation in UNDP

68. The Director, Evaluation Office, UNDP, presented the evaluation of the role of UNDP in the net contributor countries of the Arab region: Bahrain, Kuwait, Libya, Saudi Arabia, and the United Arab Emirates. She stated that the evaluation found that, while UNDP was valued for its impartiality and transparency, there was limited knowledge of is core competencies or its role as coordinator for the United Nations operational system, and demand for UNDP services in the countries reviewed at times exceeded the UNDP mandate. She noted a strong desire for UNDP to enhance its role in promoting human development and enhancing local capacity through stronger partnerships with civil society and the private sector. Among the recommendations of the evaluation, she highlighted the need for UNDP to more fully actualize its mandate in service of national priorities, to strengthen local and country office capacity, to improve mutual accountability in programme implementation, and to coordinate the United Nations system more effectively in the countries of the region.

69. The Assistant Administrator and Director, Regional Bureau for Arab States, UNDP, provided the management response. She welcomed the findings of the evaluation, noting several efforts already under way to apply its recommendations.

70. The Minister of State for Foreign Affairs, Kingdom of Bahrain expressed his appreciation for the continued support of UNDP to the development of his country. He called for a stronger UNDP presence in net contributor countries to provide policy advice on governance and human development.

71. Delegations acknowledged the value of UNDP interventions in net contributor countries and noted the findings of the evaluation. One delegation urged UNDP to take into account the experiences of net contributor countries in other regions when formulating policies relevant to that country classification.

72. The Director presented the annual report on evaluation for 2007. After reviewing the status of implementation of the evaluation policy, she presented

findings on the coverage, compliance and quality of evaluation, and on collaboration with the United Nations and other partners. She noted that the evaluation found that UNDP needed to leverage its core strengths and comparative advantages in supporting countries to achieve their development goals. She also drew attention to the finding that inadequate regular resources had constrained UNDP in pursuing core activities, with resource mobilization efforts at times competing with the strategic focus of the organization. She proposed a phased expansion of assessments of development results and country-level evaluations over the period of the strategic plan, 2008-2011.

73. The Associate Administrator, UNDP, provided the management response, in which he described measures being undertaken by management to strengthen the culture of monitoring and evaluation throughout the organization.

74. Delegations acknowledged UNDP efforts to strengthen evaluation capacity through increased resources and staff at all levels, as well as attention to gender and geographic balance in the composition of evaluation teams. They encouraged UNDP to explore the possibility of pooling the evaluation capacities of the associated funds and programmes into a single, integrated office. They praised the growing culture of monitoring and evaluation, with its sharpened focus on development results. They welcomed the intention to strengthen capacity for decentralized evaluations and the quality controls being established to that end, and called on Member States to provide adequate support.

75. Delegations praised the undertaking of joint evaluations with governments, several noting the potential for national evaluation capacity development and for better alignment of programme activities. One delegation suggested that UNDP repeat the exercise it undertook several years ago to map evaluation institutions in programme countries.

76. Many delegations expressed concern at the lack of evaluation compliance across the organization. They urged UNDP to take concrete measures to instil a stronger commitment to evaluation among its management ranks. In that regard, they praised the establishment of the management response system and encouraged its expansion as a focused instrument to address the weaknesses identified in evaluations.

77. Delegations expressed concern at the results of the evaluations, pointing to the high number of outcome evaluations ranked as less than satisfactory. While recognizing the results matrix appended to the strategic plan, 2008-2011, as a significant step forward, they called on UNDP to address the challenge posed by the volume of unsatisfactory evaluations in a holistic manner.

78. The Director presented the joint evaluation of the United Nations Development Group contribution to the implementation of the Paris Declaration on Aid Effectiveness. She noted that the evaluation found that the United Nations Development Group was already addressing many principles of the Paris Declaration on Aid Effectiveness, particularly supporting country ownership and alignment with national development strategies. However, she stated, the evaluation found room for improvement in using country systems and in harmonizing across the United Nations Development Group. Finally, she extolled the merits of having conducted the evaluation jointly.

79. Several delegations welcomed the evaluation for its insight into the strengths and challenges of implementing the recommendations of the Paris Declaration on Aid Effectiveness in participating countries, particularly those related to mutual

accountability. While noting that there was room for improvement in harmonization efforts, they applauded the conclusion of the evaluation that the United Nations Development Group was aligned with national priorities and supported national ownership.

80. Other delegations asserted that the Paris Declaration on Aid Effectiveness was not a United Nations instrument, and that evaluations based on its principles might be premature. Some queried perceived limits in the scope of the evaluation.

81. The Executive Board adopted decision 2008/17, taking note of the annual report on evaluation; decision 2008/18, taking note of the evaluation of UNDP in the net contributor countries of the Arab region (DP/2008/26), its corrigenda (DP/2008/26/Corr.1 and DP/2008/26/Corr.2) and the management response to that evaluation (DP/2008/27); and decision 2008/19 on the evaluation of the United Nations Development Group contribution to implementing the Paris Declaration on Aid Effectiveness.

XII. Human Development Report

82. Senior management representatives of the Human Development Report Office, UNDP, presented an update on Human Development Report consultations, in line with General Assembly resolution 57/264.

83. Many delegations commended management for the transparent, participatory manner in which the consultations had been conducted. Some observed that the quality of human development reports had improved steadily over the years as a result. Some delegations encouraged management to strengthen consultations even further, and to make greater use of statistics compiled by national partners. In that regard, one delegation queried the use of the purchasing power parity index to calculate figures for the human development index featured in the report. In response, management described a planned series of regional seminars to explain the changes in data analysis and to request further input from national statistics authorities.

84. The Executive Board took note of the update on Human Development Report consultations (DP/2008/30).

XIII. UNDP country programmes and related matters

85. The Associate Administrator, UNDP, presented draft country programme documents for Benin, Mauritius, Nigeria and Sudan; a two-year extension of the country programme for Pakistan; and extensions of the country programmes for Afghanistan, Argentina, Ecuador, Guatemala, the Republic of Korea, and the Turks and Caicos Islands.

86. Delegations expressed support for the country programmes presented. Some urged UNDP to strengthen synergies with partners on the ground in Afghanistan and in Sudan.

87. The Executive Board took note of the following draft country programme documents and relevant comments:

Africa: Benin, Mauritius and Nigeria
Arab States: Sudan

88. The Board also took note of the one-year extensions of the country programmes for Afghanistan, Argentina, Ecuador, Guatemala, Republic of Korea and the Turks and Caicos Islands, and approved the two-year extension of the country programme for Pakistan (DP/2008/31).

89. In his closing remarks, the President stressed that it was vital for organizations to ensure that in future, the governments of countries whose programmes were being discussed should be invited to attend the relevant session of the Executive Board.

XIV. United Nations Office for Project Services

90. The Executive Director, United Nations Office for Project Services, presented the annual report of the Executive Director. He noted that the organization had exceeded targets and prior performance for business development and financial health. He outlined corporate priorities for the next 18 months, including improvements in project management and business processes and stronger partnerships with other United Nations organizations. In that regard, he described efforts to align operations with those of other United Nations organizations and to offer an expanded range of services. He noted investments in human resources, particularly staff learning and knowledge-sharing. Finally, he provided examples of achievements in project support over the course of the year.

91. Delegations expressed confidence in the organization and its management, noting improved financial performance and success in strengthening the effectiveness of teams in the programme countries. They commended the steps taken to achieve greater transparency in financial management, operations, audits and internal controls.

92. Delegations expressed regret that interfund balances remained to be settled with UNDP and urged a swift resolution. They acknowledged a sound investment in the recruitment and training of staff, but questioned a reported decrease in remuneration and staff-related overhead.

93. Delegations encouraged the organization to diversify its client base, while noting improvements in that regard. Some delegations suggested that the organization leverage its unique advantages to strengthen capacities at the country level. One delegation proposed that the United Nations Office for Project Services consider providing joint back-office support to United Nations organizations on the ground.

94. The Board adopted decision 2008/20 on the annual report of the Executive Director of the United Nations Office for Project Services.

95. An informal consultation was held on proposed adjustments to the governance structure of the United Nations Office for Project Services. Among the proposals were the following: that the Executive Director of the organization should have full accountability and authority, reporting directly to the Executive Board rather than to the Administrator, UNDP; that certain financial regulations should be amended to vest authority directly from the Secretary-General to the Executive Director; that personnel matters be managed directly by the Executive Director; and that the role of the management coordination committee be modified from a management oversight and supervisory function to a policy advisory function.

XV. United Nations Capital Development Fund

96. The Associate Administrator, UNDP, introduced a presentation by senior management of the United Nations Capital Development Fund on its results-oriented annual report, including reporting on its cost recovery policy (decision 2008/4). Senior managers of the organization detailed its growth over the past year, including the extension of services to 18 new programme countries and the results of measures undertaken to serve partners more responsively in the areas of decentralization, local development and microfinance. The presentation made note of an increase in contributions and outlined the key elements of an implementation plan for 2008-2011 that contemplated expanding service to 45 least developed countries by 2011 and partnering more cohesively with UNDP.

97. Delegations praised the focus on least developed countries and the intention to expand the presence of the organization. They praised the positive results described in the report in local development and microfinance. They applauded efforts to strengthen the strategic partnership with UNDP, and encouraged more joint programming. They called on donors and UNDP to continue to improve levels and predictability of funding. One delegation announced that it was increasing funding support to the organization.

98. The Board adopted decision 2008/21 on the results-oriented annual report for 2007 of the Executive Director of the United Nations Capital Development Fund.

XVI. United Nations Volunteers

99. The Executive Coordinator, United Nations Volunteers programme, presented the annual report of the Administrator on the programme. She described achievements in the three main focus areas: advocacy, mobilization of volunteers, and integration of volunteerism into development plans. She noted an upward trend in the geographical diversity and the number of volunteers deployed annually, notably in response to peacekeeping, disaster relief and humanitarian efforts.

100. Among management priorities, she noted measures to enhance support to system-wide efforts to strengthen aid effectiveness and coordination. She made special mention of a gender action plan, based on the UNDP gender strategy, which aims to improve the gender ratio among volunteers. In that regard, she stated that while gender parity targets had been exceeded among the ranks of volunteers and staff, there was room for improvement in the ratio of women to men deployed in volunteer assignments. Finally, she outlined plans to commemorate the 10th anniversary of the International Year of Volunteers.

101. Delegations welcomed the incoming Executive Coordinator and paid tribute to her predecessor. They reaffirmed their commitment to the United Nations Volunteers programme, many describing a growing interest in volunteerism and detailing the contributions of the organization to development in their countries. They commended the diversity of interventions of the programme and of the volunteers themselves, noting positive implications for South-South cooperation in that a significant percentage of volunteers were Southern nationals assigned to work in developing countries. Some encouraged management to move beyond gender parity in recruitment towards increased deployment of women in volunteer assignments.

102. Delegations expressed support for the revised business model with its focus on advocacy, mobilization of volunteers, and integration of volunteerism into development planning. They praised efforts to improve results reporting and encouraged management to continue to refine indicators to better reflect attribution and to strengthen oversight and accountability.

103. Many delegations pledged their support to the planning of activities commemorating the 10th anniversary of the International Year of Volunteers. Many recognized the Special Voluntary Fund as a valuable incubator for innovation and good practices in volunteering, and encouraged Member States to support it.

104. The Executive Board adopted decision 2008/22 on United Nations Volunteers – Report of the Administrator.

XVII. United Nations Development Fund for Women

105. The Associate Administrator, UNDP, introduced the presentation by senior managers of the United Nations Development Fund for Women (UNIFEM) on the cost recovery policy (following up on decision 2008/3) and the annual report of the Executive Director. Addressing the implementation of the cost recovery policy, management noted that since the beginning of 2008, new projects had been approved applying the 7 per cent standard cost recovery rate. They confirmed that the business model of the organization had been based on harmonized definitions and principles, and pledged to continue drawing on the experiences of other United Nations organizations in refining cost analysis and the impact of applied recovery rates. They set forth the criteria and procedures for deviating from the standard recovery rate.

106. Delegations welcomed the new Executive Director and paid tribute to her predecessor and the deputy who had served as Executive Director, ad interim, for an extended period. They expressed strong support for the mandate of the organization and for its achievements described in the annual report. They encouraged the organization to use its leadership role to promote gender equality and women's empowerment, and to seize every available opportunity to diffuse a gender perspective throughout all aspects of the United Nations development system. In that regard, they encouraged the organization to use its comparative advantages as an effective partner for development.

107. Delegations applauded the increased funding to the organization. They cited this as evidence of growing worldwide recognition of the importance of women's empowerment and gender equality to the overall human development agenda. One delegation described a new campaign launched by its Government to promote a global alliance of outreach to women in the poorest countries.

108. Delegations praised the cost recovery policy in its attempts to harmonize with the practices of associated funds and programmes. They recognized it as an example of good corporate citizenship in line with the recommendations of the triennial comprehensive policy review. They recommended regular monitoring and follow-up on the policy. Many urged the organization to exercise restraint in granting waivers of the uniform recovery rate under the policy, recommending that such waivers be granted only in exceptional cases, of which the Board should be informed.

109. Delegations noted improvements to oversight, and encouraged the organization to further improve accountability and risk management, particularly in implementing its strategic plan. They requested additional information on the development of the risk assessment model.

110. The Executive Board adopted decision 2008/23 on the UNIFEM annual report and cost-recovery policy.

XVIII. Financial, budgetary and administrative matters

111. The Associate Administrator, UNDP, presented the agenda item of UNDP engagement in direct budget support and pooled funds. He began by observing that direct budget support offered flexibility in responding to the needs and priorities of development partners. He laid out several criteria by which UNDP would consider engaging in sector budget support, including the following: host government request; relevance to the UNDP mandate or practice areas; potential for maximizing impact of UNDP policy and capacity development services; consistency of fund standards of results management, audit, monitoring and evaluation requirements with those of UNDP; and adequacy of fund management capacity. He proposed a pilot period for engaging in the modalities described, to coincide with the term of the UNDP strategic plan, 2008-2011.

112. Delegations commended management openness to exploring new aid modalities in remaining responsive to changing development needs. Many noted the potential of direct budget support to strengthen national ownership and leadership and to enhance local capacities, in line with the recommendations of the triennial comprehensive policy review. Some urged UNDP to exercise caution in adopting new aid modalities, while others reminded UNDP to be guided first and foremost by the needs and requests of national partners.

113. On the issue of pooled resources, several delegations queried the decision to restrict fund transfers to funds managed by United Nations organizations. Instead, they advocated a common approach, asserting that trustworthy mechanisms already in use by other international partners could be adopted by UNDP. Others praised the pilot approach as allowing UNDP to study the modality over time and to establish criteria and benchmarks based on its own experiences.

114. Delegations called for further discussion of this item at the second regular session 2008.

115. The Executive Board Adopted decision 2008/24 on UNDP engagement in direct budget support and pooled funds.

XIX. South-South cooperation

116. The Director, Special Unit for South-South Cooperation, UNDP, presented the draft fourth cooperation framework for South-South cooperation. He described attempts to respond to changing dynamics in the South; including increased South-South interactions in trade and investment; the growing importance of middle-income countries as drivers of development; and the growing recognition throughout the United Nations system of the value of South-South cooperation. Against that backdrop, he provided details of the three platforms forming the basis of the draft

fourth cooperation framework: policy development, research and advocacy; knowledge management; and piloting innovations to scale up the impact of South-South cooperation. He explained how institutional and development results would be captured and evaluated.

117. Delegations took note of the growing importance of South-South and triangular cooperation in development effectiveness. They observed that South-South cooperation cuts across much of the work of the United Nations development system, and asserted that it should be considered as a complement to, and not a substitute for, North-South cooperation. They called on Member States to channel increased and more predictable resources towards the South-South cooperation efforts of UNDP.

118. Delegations praised the achievements of the Special Unit for South-South Cooperation under the third South-South cooperation framework. They praised the draft fourth cooperation framework as reflecting the guidance of the evaluation presented during the first regular session 2008, the 2007 Triennial Comprehensive Policy Review and decisions and resolutions of the General Assembly. Some urged management to strengthen cooperation with non-governmental organizations and to prioritize capacity enhancement of national partners. They encouraged UNDP to develop a robust approach to South-South cooperation spearheaded by the Special Unit for South-South Cooperation.

119. The Executive Board took note of the draft fourth cooperation framework for South-South cooperation (DP/CF/SSC/4).

XX. Other matters

UNDP

120. An informal briefing was held on the report of the external independent investigative review of UNDP operations in the Democratic People's Republic of Korea. The President of the Executive Board invited the Administrator, UNDP, to introduce the members of the panel convened to conduct the review.

121. The Administrator noted that the panel had been convened to address some very serious allegations that had been raised. He noted that the panel had been appointed jointly in consultations between UNDP management and the President of the Executive Board. He commended the panel for going beyond the call of duty in taking on more work than had initially been expected, which included a comprehensive review of materials generated over 10 years.

122. Turning to the findings and recommendations of the report, the Administrator observed that these should be read in their entirety and spoke for themselves. The recommendations would prove valuable to UNDP in difficult or unique working environments around the world. He stated that UNDP management had begun working on the recommendations, which he announced would be the focus of a special management meeting in July 2008. He took note of recommendations to make clearer to country offices the distinctions between compulsory and voluntary practices, offer stronger guidelines for addressing special features of banking systems in duty stations, and delineate authority more clearly among national partners, UNDP and other organizations.

123. He pointed to operational improvements already in progress that were consistent with the panel recommendations. These included increasing the range and volume of information disclosed on UNDP websites, and improving the Atlas system to permit easier monitoring of how and by whom resources were directed. He urged Member States to take note of those improvements, assuring them that management had taken the panel recommendations very seriously and welcomed all insights gained from the review to strengthen future performance.

124. The Chair of the panel presented a brief overview of the investigation, including its scope, conduct and findings. He assured all present that the panel had done its best to fulfil its terms of reference objectively, independently and professionally. He thanked UNDP and the United Nations for their cooperation, and noted the assistance of the United States in providing data. He emphasized that no one had sought to influence the panel during the process.

125. He stated that the exercise had involved reviewing a large number of documents, analysing evidence gathered from various sources, and conducting more than 70 interviews with current and former staff members of UNDP, the United Nations and others. He acknowledged that the panel had not gained access to government officials in Pyongyang, the foreign trade bank that the UNDP office had used in Pyongyang, or national staff.

126. He urged that the report be read in its entirety rather than in extracts that might be taken out of context. He stated that the report had determined that during the period under review, UNDP had disbursed $23.8 million in connection with the DPRK, of which $16.9 million had been disbursed on its own behalf and $6.9 million on behalf of other United Nations entities. Additional funds of approximately $14.6 million had been disbursed on behalf of UNDP by other country offices and other United Nations organizations, $7.4 million of which had been disbursed and verified between January 2004 and March 2008. Approximately $7.2 million had been disbursed but not verified by the panel from 1999 to December 2003, a period that preceded the implementation of the Atlas system and would have proven cost-prohibitive to verify. He indicated that based on professional advice, the panel had decided to refer in the report to a range of $2.3 million to over $7 million, in response to the figure of $7.2 million that UNDP had supplied but the panel had been unable to verify.

127. Quoting from the report, he stated that the review had determined that the majority of the country programme – notably the larger, more complex and higher-risk projects – had been managed, monitored and evaluated substantially in accordance with UNDP requirements. He added that the panel had scrupulously reviewed 106 projects.

128. He noted that the panel had found some deficiencies in the management of some projects of the type one can find in many other development banks or institutions, adding that constant monitoring and effective oversight could remedy those issues.

129. He stated that the panel had concluded that there was no merit to allegations that field visits had not occurred. Turning to allegations of the dual use of equipment, he stated that the panel had identified this as a delicate issue for the entire United Nations system.

130. He also presented a review conducted by the panel of a whistleblower's allegations of irregularities in UNDP operations in DPRK and of UNDP retaliation

against him. He stated that he had reviewed the whistleblower case personally. He had determined that while the whistleblower raised some legitimate concerns that entitled him protection from retaliation, UNDP had not retaliated against him. He stated that the whistleblower had "cheated" a Permanent Mission to which he had brought his concerns.

131. Finally, he expressed the satisfaction of the panel with the results of the review. He encouraged that all parties work together to improve the effectiveness of the organization.

132. Delegations thanked the panel for the presentation and for its dedication and perseverance in preparing what many praised as a comprehensive and analytical report. Many welcomed the opportunity to discuss the findings in an open and transparent manner.

133. Many delegations noted that the allegations that had prompted the review had been found by the panel to be unsubstantiated. They noted that the panel had concluded that, on the whole, UNDP had operated in accordance with applicable rules and procedures. Many observed that the characterization of UNDP activities in the media appeared to have been unduly negative in the light of the conclusions of the report, which were consistent with conclusions reached in previous investigations by other parties. Some expressed the hope that any damage to the credibility and reputation of UNDP resulting from the allegations could be repaired. Many declared that the matter had now been reviewed exhaustively, and urged that it be brought to an end.

134. Delegations called on UNDP to adhere to its mandate of delivering development assistance and to resist any politicization of its activities, underscoring in that regard their impression that the allegations had been politically motivated. They stressed that politicization of development activities risked grave consequences for the millions of poor people around the world who relied on impartial, effective UNDP support.

135. Some delegations expressed regret at the level of resources spent in pursuing the allegations beyond the completion of the audit by the United Nations Board of Auditors -- resources which many asserted might otherwise have been devoted to programme activities, or to strengthening UNDP operations. Some requested an accounting of the cost of the investigation.

136. Several delegations stressed that the situation should not set a precedent, and that the disruption of country programmes must be rigorously avoided. They asserted that such decisions would be best taken in inter-governmental bodies.

137. Many delegations expressed support for the resumption of UNDP activities in the Democratic People's Republic of Korea on a mutually acceptable basis, noting the urgent needs of the local population and the important contributions made by UNDP in addressing them. They asserted that the allegations had distracted from the capacity-strengthening support and development assistance that UNDP had been providing. Some noted the unique position of UNDP, which supports the government in formulating effective policies to address the chronic development challenges facing the country.

138. One delegation pointed out that development assistance to the Democratic People's Republic of Korea was dwarfed by assistance to other countries of comparable size and population, and that UNDP expertise in crisis prevention and

recovery would be a welcome intervention in a country vulnerable to natural disasters. That delegation suggested that future UNDP operations in the country might include stationing a country director or resident coordinator who would also serve as humanitarian coordinator.

139. A representative of the Democratic People's Republic of Korea took the floor as a concerned state. He noted that reports by the United Nations Board of Auditors, by a subcommittee of the United States Senate, and by the external independent investigative review panel had all found the allegations to be groundless. He asserted that the underlying issues that had given rise to some allegations, including hard currency payments and the hiring of national staff, could have been resolved through consultations rather than what he termed unilateral action. He urged UNDP to preserve full objectivity and impartiality in its operations and to respect the sovereignty of programme countries. He called on the Executive Board to review the situation impartially and to arrive at a just and objective decision. He pledged the continued cooperation of his Government.

140. Delegations praised the recommendations contained in the report for improving accountability, transparency and oversight. They encouraged UNDP to move swiftly to implement them, noting that the panel had found instances not in line with rules relating to financial and procurement procedures. While acknowledging the unique and difficult operating environment in the country, some delegations noted that UNDP administrative practices had not been sufficiently robust in addressing the challenges. Some suggested that UNDP examine the administrative practices used by other international development partners in the country before altering its own procedures.

141. Delegations expressed concern about the panel findings of instances of mismanagement, particularly with regard to allegations of counterfeit bank notes and the dual use of technology. They encouraged UNDP to improve transparency, accountability and oversight, some welcoming measures already being implemented in that regard, such as improvements to internal audit procedures.

142. Many delegations noted that the recommendations of the panel had broad applicability for the organization as a whole, particularly in challenging environments. Many pointed out that it was in precisely such difficult environments around the world that UNDP was most needed, and called on the organization to adopt recommendations to improve its effectiveness. They requested UNDP to report back to the Executive Board on the progress of implementation.

143. Some delegations asserted that the issues that had given rise to the investigation might have been resolved in a less disruptive manner. They called on UNDP and on Member States to exercise restraint in handling confidential information.

144. Delegations also urged UNDP to use care in maintaining relationships with the countries within which it would operate, and to respect the views of programme countries in its consultations and in the execution of country programmes.

145. One delegation, while welcoming the report, expressed concern about some of its findings regarding deficiencies in management and a lack of transparency and oversight of activities in the Democratic People's Republic of Korea. That delegation noted that the report had confirmed that some payments had been made in 'cash-checks', and that in 74 per cent of cases the panel had been unable to verify the identity of some payees. The delegation also noted that the panel had been

unable to conclude that diversions had not occurred. The delegation expressed concern at the broad range of unverifiable funds allegedly transferred by or on behalf of UNDP. The delegation cited the finding that UNDP had not adequately aligned its management practices to address the particularities of the local working environment, including to safeguard against misuse of accounts by government officials and the use of counterfeit notes. The delegation pointed out that, although the panel had found no evidence of retaliation against the person who had originally reported the allegations, the panel had concluded that he had been justified in raising issues about practices in the office. The delegation welcomed the recommendation that internal audits be made available to Member States, and pledged to follow up with UNDP as to the implementation of that and other recommended reforms. The delegation called on UNDP, as the lead agency for United Nations system-wide coherence, to set the standard in management, ethics, transparency and accountability.

146. Following adoption of the decisions and discussion of the tentative work plan for the second regular session of the Executive Board, many delegations took the floor to reiterate their call for UNDP to re-engage with the Democratic People's Republic of Korea in the light of the briefings held during the session. The Board agreed to include an informal consultation on the People's Democratic Republic of Korea at the second regular session 2008.

147. As requested by the concerned delegations during the briefing, the statements delivered by the delegation of Antigua and Barbuda on behalf of the Group of 77 and China pertaining to this matter are contained in the annex to this report.

UNFPA

148. UNFPA organized a special event panel discussion on *Moving beyond commitments to deliver on MDG 5: The role of UNFPA and its partners*. The panellists included the Minister of Health, Ethiopia, the Permanent Representative of Denmark; the Director-General of Health, Côte d'Ivoire; the Assistant Director-General, WHO; a fistula surgeon; and the UNFPA Executive Director.

149. UNFPA also organized: (a) an informal briefing on reproductive health commodity security; and (b) a panel discussion on humanitarian response focusing on the challenges and opportunities for re-establishing maternal and reproductive health services during recovery and transition situations.

Annex

Statements made by the delegation of Antigua and Barbuda on behalf of the Group of 77 and China in relation to the briefing on the report of the external independent investigative review of UNDP operations in the Democratic People's Republic of Korea

Tuesday, 24 June 2008

150. Mr. President, I have the honour to deliver this statement on behalf of the Group of 77 and China. The Group would like to thank the distinguished panel of experts for their briefing on the report and its findings. The briefing and the presence of the members of the investigative panel here before the Executive Board provide an opportunity to discuss the findings of the report in an open and transparent manner. At the same time, the Group recognizes that the nature of UNDP's operations requires some measures of discretion and confidentiality if the organization is to be able to carry out its core development mandate as effectively as possible, in order to reach those who need development assistance most.

151. We are pleased to note that the findings of the investigation panel indicate that the allegations made were baseless, and this would further suggest that they were politically motivated. On this issue during previous sessions of the Executive Board, both formal and informal, the Group has expressed its concern at the politicization of UNDP country programmes, which deliver vital development assistance to millions of people. We remain concerned at this, as we are of the view that such allegations and suspicions are distractions from the work of UNDP and hamper the organization's ability to deliver development assistance to people in need.

152. Mr. President, the investigation has detracted from the focus of UNDP in delivering vital development assistance and capacity-building support to the people of the Democratic People's Republic of Korea since suspension of the UNDP-DPRK programme in 2007. With the conclusion of the investigation and the release of the findings, the Group believes the way is now cleared for UNDP to resume its operations in the Democratic People's Republic of Korea, and to again focus its attention on delivering development assistance and building capacity for poverty eradication, in accordance with its mandate.

153. Having considered the report, the Group is of the view that it has cleared the suspicions and misgivings surrounding the operations and activities of UNDP at the country level in the Democratic People's Republic of Korea. The Group therefore calls for an immediate resumption of the UNDP-DPRK programme.

154. It is unfortunate that UNDP has had to expend precious time and resources, including financial resources that could otherwise have been attributed to programming, to absolve the organization of allegations such as those which led to the investigation, even after the completion of the audit by the UN's External Board of Auditors in May of 2007.

155. Mr. President, the Group of 77 and China fully recognizes the importance of accountability and oversight in relation to UNDP's activities and the need for Member States' assurances that the operational activities of UNDP remain fully

accountable. At the same time, in the pursuit of accountability, care must be taken to safeguard the relationship between the organization and the countries within which it operates, and to ensure respect for the views of programme countries on the execution of country programmes, so that much-needed development assistance can reach the poor and most vulnerable at all times, and that the organization can be allowed to focus on its core development mandate of poverty alleviation.

156. In conclusion, Mr. President, the Group of 77 and China is of the view that investigations based on politically motivated allegations, and the suspension of country programmes due to such allegations, should not set a precedent, and the disruption of country programmes should be vigorously avoided.

157. Finally, Mr. President, the Group of 77 and China would like to hear from the members of the panel an elaboration on the cost of this investigation in terms of financial resources, human resources, time, as well as the opportunity cost in terms of how these resources could have otherwise been spent in direct relation to development programming and poverty eradication, and the impact on the ground as a result of disruption of the country programme. Thank you, Mr. President.

Friday, 27 June 2008

158. Mr. President, we are pleased with the amendment made to the work plan for September's Executive Board meeting, which the Board just now adopted.

159. Mr. President, on Tuesday we had a very interesting and enriching discussion during the briefing on the report of the external independent investigative review of the UNDP operations in the Democratic People's Republic of Korea. During that discussion, many Member States expressed their strong desire to see UNDP re-engage with the Democratic People's Republic of Korea, with a view to resuming a country programme on the basis of mutual agreement.

160. Against this background, we in the G77 would have welcomed a decision by the Executive Board, requesting the UNDP Administrator to enter into discussions with a view to resuming the country programme, with the possibility also of reporting back to the Executive Board on this with proposals in January 2009, first regular session. However, in recognition of a need for flexibility on this matter, and in lieu of a decision at this current Board session, the G77 looks forward to, and fully expects, a decision on this issue in the second regular session 2008, following the informal consultations. We look forward to hearing from the Administrator on substantial measures taken in this regard. We can no longer allow further delay on this matter; it is the responsibility of the Executive Board to ensure that progress is made, in a mutually agreeable way, on this issue.

161. Mr. President, the Group would also respectfully request that a summary reflecting the depth of the discussion during the briefing on Tuesday be included in the official report of this meeting of the Executive Board.

162. And finally, Mr. President, please allow me this opportunity, on behalf of my Group, the G77 and China, to thank you, Sir, for the manner in which you have presided over this session, for your patience and understanding. Our thanks also to your Vice-Chairs for their hard work. We look forward to seeing you back in New York. Thank you.